

THIRD LEASE AMENDMENT AND EXTENSION OF LEASE

THIS THIRD LEASE AMENDMENT AND EXTENSION OF LEASE ("Third Amendment"), made this 22nd day of December, 2000, by and between MUDDY BRANCH SQUARE LIMITED PARTNERSHIP ("Landlord") whose address is c/o Rappaport Management Company 8801 Wolftrap Road, 2nd Floor, Vienna, Virginia 22182 and MONTGOMERY COUNTY, MARYLAND, whose address is Department of Facilities and Services, 110 North Washington Street, 3rd Floor, Rockville, MD 20850, Attn: Real Estate Management ("Tenant"), (the Landlord and the Tenant together the "Parties").

RECITALS:

A. Landlord and Tenant entered into a Lease Agreement dated June 26, 1987 as amended by that certain Supplement 1 and to Lease dated June 26, 1987, that certain Lease Amendment and Extension of Lease dated October 2, 1997 and that certain Lease Modification Agreement dated October 2, 1997 attached thereto as Exhibit B, and that certain Second Amendment to Lease dated March 9, 1998 (collectively the "Lease") pursuant to which Tenant leased from Landlord Spaces numbered 36 – 39 consisting of approximately 5,120 square feet (hereinafter the "Original Premises") located at Muddy Branch Square (the "Shopping Center"); and

B. Tenant now desires to lease from Landlord Space Number 40 consisting of approximately 1,280 square feet of additional space ("Adjacent Premises") as shown on the Site Plan attached as Exhibit A and incorporated into this Third Amendment, also being located in the Shopping Center in accordance with the following terms and conditions.

C. The Parties desire to extend the term of the Lease and to amend the Lease in certain respects as provided below.

NOW THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby reciprocally acknowledged, the Parties agree as set forth below:

1. Recitals. Each of the foregoing recitals and representations form a material part of this Third Amendment and are incorporated herein by this reference.

2. Expansion of Original Premises. Commencing on the date upon which the Landlord delivers the Adjacent Premises to Tenant in which no event shall be earlier than January 1, 2001 (hereinafter, the "Effective Date"), Landlord shall and does hereby demise and lease unto Tenant, and Tenant, hereby leases and takes from Landlord, the Adjacent Premises for the Term at the rental and upon the covenants and conditions hereinafter set forth. As of the Effective Date, the premises referred to in the Lease shall be expanded to include the Adjacent Premises, and all references in the Lease to the "Premises" shall include both the Original Premises and the Adjacent Premises both of which shall be referred to herein as the "Expanded Premises." It is understood and agreed upon by and between the Landlord and Tenant that all of the terms and conditions of the

Lease shall apply to the Adjacent Premises as though the Adjacent Premises were originally a portion of the Premises as defined in the Lease.

3. Floor Area: Modifying the provisions of Section 2 of the Second Amendment to the Lease, from and after the Effective Date of this Third Amendment, the Floor Area of the Premises shall be 6,400 square feet. Commencing on the Effective Date of this Third Amendment Tenant's payment of additional rent, including but not limited to Common Area maintenance charges, Insurance and real estate taxes, shall be computed in each year based on 6,400 square feet.

4. Term: The Term of the Lease is hereby extended and revised so that the termination date shall be August 31, 2007 instead of September 1, 2002. The period from September 2, 2002 through August 31, 2007 is hereafter referred to as "Second Extended Term." Any provision in the Lease, whether express or implied, which could be construed as providing Tenant a further right to extend the Term past the termination date of the Second Extended Term set forth in the preceding sentence shall not be applicable to the Second Extended Term.

5. Minimum Rent: Commencing sixty (60) days after the Effective Date "Expanded Premises Rent Commencement Date") the current schedule of Minimum Rent set forth in Section 3 of the Second Amendment to Lease shall be modified and the following schedule of Minimum Rent shall apply during the Term:

<u>Period</u>	<u>Annually</u>	<u>Monthly</u>
Expanded Premises Rent Commencement through 9/1/01	\$136,383.96	\$11,365.33
9/2/01 – 9/1/02	\$140,480.04	\$11,706.67
9/2/02 – 9/1/03	\$144,694.44	\$12,057.87
9/2/03 – 9/1/04	\$149,035.32	\$12,419.61
9/2/04 – 9/1/05	\$153,506.40	\$12,792.20
9/2/05 – 9/1/06	\$158,111.64	\$13,175.97
9/2/06 – 9/1/07	\$162,855.00	\$13,571.25

Notwithstanding the foregoing, Tenant shall be required to pay only fifty percent (50%) of the Minimum Rent for the first four (4) full months of the Second Extended Term. The 50% reduced Minimum Rent is granted in consideration of the expanded space and extension of the Lease Term by Tenant. In the event, Tenant terminates the Lease prior to the expiration of the Term or if the Lease is otherwise terminated for any cause other than Landlord's default or destruction or condemnation of the Premises, then the entire amount of Minimum Rent which is abated pursuant to the terms of this paragraph shall immediately be due and payable to Landlord.

6. Landlord's Work. Landlord covenants to deliver the Heating, Ventilating and Cooling ("HVAC") system within the Adjacent Premises in good working order on the date of delivery of possession to Tenant provided, however, in the event Tenant does not inform Landlord in writing within ten (10) days after delivery of possession that a defect exists in such HVAC equipment, then Landlord shall have no responsibility for any repairs to the HVAC equipment and Tenant shall make all repairs, replacements and maintenance to such equipment at Tenant's expense. In addition, Landlord shall deliver the Adjacent Premises to Tenant free and clear of the previous tenant's furniture, fixtures, and equipment.

7. Tenant's Work. Except as specifically set forth in Paragraph 6 above, Tenant accepts the Adjacent Premises in its "as is" condition, it being expressly understood that Landlord has made no representations or warranties with respect to the Adjacent Premises and Tenant has inspected the same and has found the Adjacent Premises to be satisfactory.

Prior to December 1, 2000, Tenant shall submit to Landlord its architectural drawings, showing in reasonable detail any and all interior and/or exterior alterations or improvements that Tenant proposes to make to the Adjacent Premises ("the Tenants Plans"). After approval by Landlord, Tenant's plans shall be marked "Approved", dated, signed by Landlord, and marked Exhibit B and attached to and made a part of this Third Amendment. (Tenant shall furnish a minimum of four (4) such copies for approval. Tenant shall not commence any work in the Premises or the Adjacent Premises prior to obtaining Landlord's approval of Tenant's plans.

On the Effective Date, Tenant shall, subject to Landlord's approval of Tenant's Plans, at its sole cost and expense, with due diligence proceed to install such fixtures and equipment and to perform all other work in the Adjacent Premises as shall be necessary or appropriate in order to prepare the Adjacent Premises for the opening and continued operation of Tenant's business. In connection with such work, Tenant shall construct an opening between the Original Premises and the Adjacent Premises at its sole cost and expense. Tenant shall not make any alterations or improvements to the Adjacent Premises or the Original Premises without Landlord's prior written approval. Tenant shall use only contractors approved by Landlord and shall perform the expansion in compliance with all federal, state and local governmental laws, ordinances, rules and regulations in accordance with plans and specifications approved in advance by Landlord.

Tenant shall install and make any modifications to the sprinkler, mechanical, utility and heating, ventilating and air conditioning systems, as necessary, (a) in order to integrate the Adjacent Premises into the Original Premises so that the Expanded Premises functions as one integral unit or (b) if required by applicable governing authorities. All of Tenant's work in connection with the expansion shall be completed within sixty (60) days after the Effective Date.

It is expressly understood that:

- a. Tenant shall perform or cause to be performed, Tenant's Work without causing any unreasonable interference with the activities and business of adjoining tenants and the use of the Common Areas by tenants and their customers, agents, invitees and licensees. Tenant shall use all reasonable efforts to prevent undue noise, odors and debris from being emitted from Original Premises and the Adjacent Premises.
- b. Tenant shall not be excused from the observance or performance of any of the terms and provisions of this lease during the expansion and Tenant shall continue to remain open for business during such period and shall utilize as much space as possible for selling purposes.

8. Exterior Sign. In the event Tenant elects to replace its exterior sign on the Original Premises, or install a sign at the Expanded Premises, Tenant shall submit its sign plan to Landlord for approval in accordance with Section 15 of the Lease; provided, however, if Tenant elects to replace the exterior sign, Tenant shall, at its sole cost and expense, repair the building facade underneath its current sign if necessary.

9. Broker. Each of the Parties represents and warrants that, other than the brokerage commission payable by Landlord to Rappaport Management Company pursuant to a separate agreement, there are no other brokerage commissions or finders' fees of any kind due in connection with this Third Amendment and each of the parties hereto agrees to indemnify the other against, and hold it harmless from, any and all liabilities, damages, costs, claims, and obligations arising from any such claim (including, without limitation, the cost of attorney's fees in connection therewith).

10. Defined Terms. Terms that are defined in the Lease shall have the same meanings when such terms are used in this Third Amendment.

11. Time is of the Essence. Time is of the essence with respect to each and every obligation arising under this Third Amendment and the Lease.

12. Confirmation of Terms. All of the terms, covenants and conditions of the Lease, except as are herein specifically modified and amended, shall remain in full force and effect and are hereby adopted and reaffirmed by the Parties.

13. Successors and Assigns. This Third Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, devisees, legatees, successors and assigns.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have set their hands and seals the day and date set forth above.

WITNESS:

By: John H. Hayder Jr

Date: 12/15/00

LANDLORD:

MUDDY BRANCH SQUARE LIMITED PARTNERSHIP

By: Samuel Lehrman
Lehcro Corporation, General Partner
Samuel Lehrman, President

Date: 12/15/00

WITNESS:

By: Rebecca S. Domaruk

Date: 12/22/00

TENANT:

MONTGOMERY COUNTY,
MARYLAND

By: William H. Mooney
William Mooney, Assistant
Chief Administrative Officer

Date: 12/22/00

APPROVED AS TO FORM AND LEGALITY
OFFICE OF THE COUNTY ATTORNEY

By: Lileen O. Busamer

Date: 12/13/2000

RECOMMENDED

By: J. Ronald Smith 12/20/2000
J. Ronald Smith, Chief
Division of Facilities and Services

Date: _____

Except for the space leased to tenant and except as may be expressly set forth in Tenant's Lease, the designation and location of this plot plan of store units, sizes and other detailed information respecting the shopping center, its building and common areas, is not a representation by Landlord that such conditions exist or that, if they do exist, that they will continue to exist throughout all or any part of the term of Tenant's Lease.

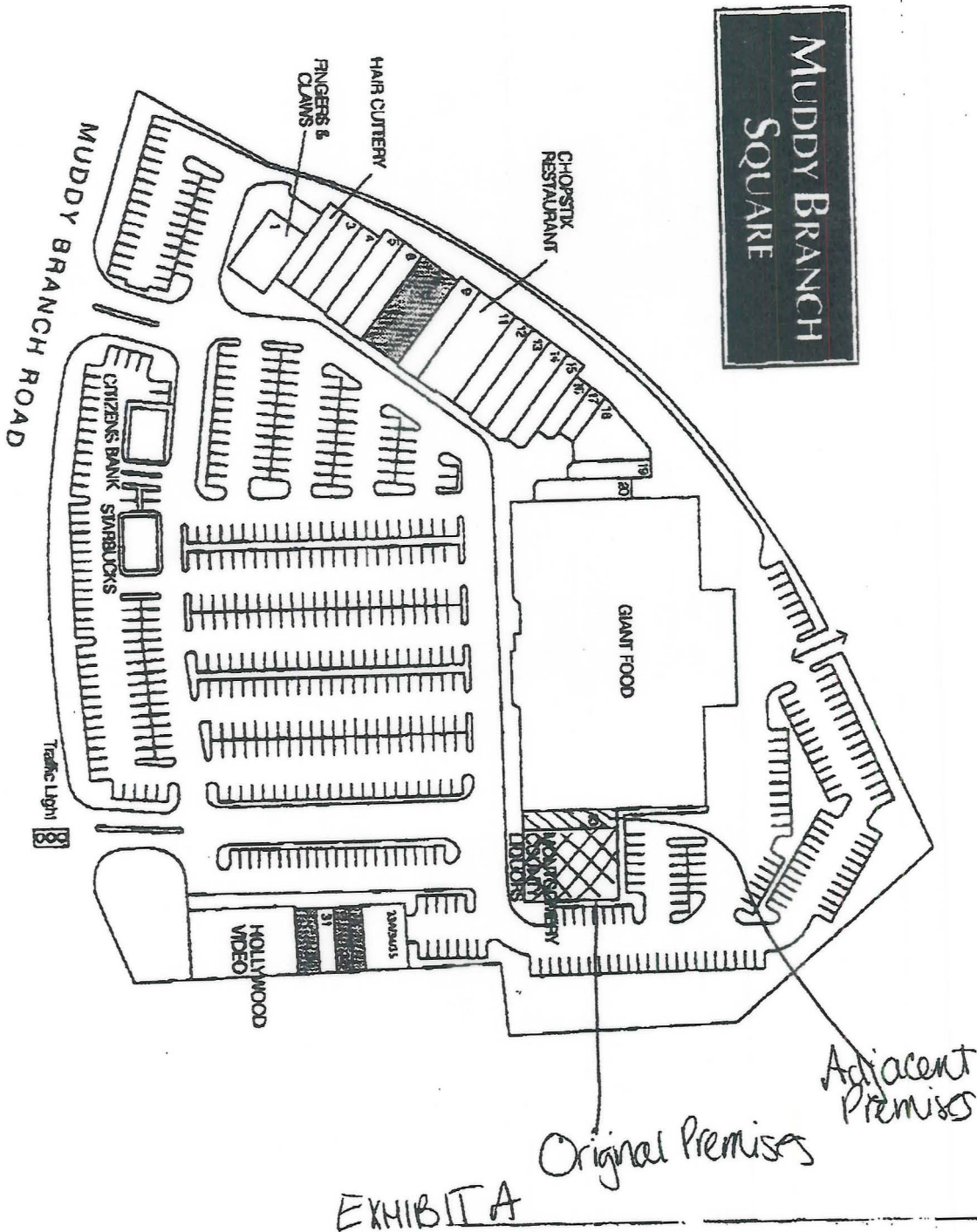


EXHIBIT B

TENANT'S PLANS

TO BE ATTACHED UPON APPROVAL BY LANDLORD